

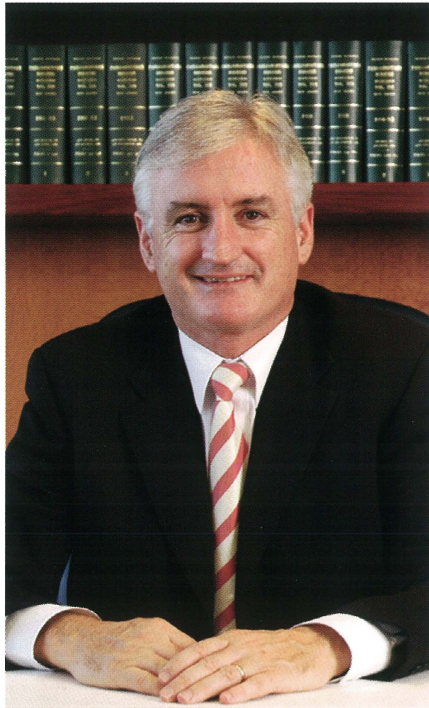
Feds Have No Concept of Strategic Significance of Gas To WA

Western Australia's reliance on natural gas is one of the big issues confronting the state at the moment; that is, energy security for the future. It is beyond belief, and quite amazing, that we have this hostile attitude from the federal government towards Western Australia's ambition to secure its energy supplies for the future.

One would think a responsible federal government would understand a couple of things. First, Western Australia's economy is driving the national success at the moment. Nobody seems to dispute that. Second, Western Australia's energy profile, indeed our whole economic profile, is not subtly different, but dramatically different, from the rest of Australia.

We rely heavily on gas to fire our economy. About 60% of our energy generation capacity is gas-fired thanks to some very good decisions that were made 20 to 30 years ago and carried forward by governments of both persuasions ever since.

The federal government has absolutely no concept of the strategic significance to the Western Australian economy, and therefore



WA Premier Alan Carpenter believes WA needs to establish its own energy security policy.

That is why the government, as I understand supported by the opposition, has said to every one of these project proponents that we have a policy that requires energy security. We have a policy whereby between 10 – 20% of domestic gas from the reserves around Western Australia, or the equivalent thereof from other reserves, will be made available to the Western Australian economy.

There will be allowances for trading and any mechanism like that. We would be flexible because particular issues relate to particular projects. That policy is good for not only the Western Australian economy, because it will establish our energy security for the next 30 to 50 years, but also the national economy, because what is good for the Western Australian economy is good for the national economy.

We cannot, as Queensland might be able to do, simply access power from South Australia if it was not available from Queensland, Victoria or New South Wales. We are on our own. We need to establish our own energy security.

The project proponents who refuse to abide by the policy will not get any sympathy or acceptance from the Western Australian government. As soon as we make an exception for one, we will have established a precedent which says there must be exceptions for everybody. The policy must apply to everybody.

Instead of these project proponents running to Macfarlane and getting him to threaten to intervene in state affairs, they should accept the policy, use the flexibility offer that has been made to them, and come to a mutually agreeable solution with the Western Australian government, which will establish the policy in principle and in reality for the Western Australian economy.

It is important to be able to negotiate project by project. This is one of the most critical issues confronting the Western Australian government and the Western Australian economy.

Edited article from address given to State Parliament by Premier Alan Carpenter 27 September 2006. ■

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the Australian economy, of access to domestic gas. Ian Macfarlane is carrying on in a way that can only be described as very destructive to the Western Australian economy.

He has done it publicly in international forums in a most amazing and reprehensible way. Macfarlane has said that he has spoken to two, although he changed that number to three, gas project proponents who have said that the Western Australian government's domestic gas reservation policy will mean that their projects will not go ahead.

I have also spoken to two proponents who have made similar comments. One of them said that we do not need a domestic gas reservation policy because there is so much gas out there, there is plenty for everybody. However, in the very next breath they also said that they have pre-committed every molecule of gas from their new gas field to an export buyer.

That project will last for something like 15 - 20 years. In other words, 15 - 20 years after that project, not one molecule of gas will be available to the Western Australian economy. The other project proponent mentioned by Macfarlane said the same thing to us.

If every project proponent not only said the same thing to us but also behaved in the same way, there would not be one molecule of additional gas available for the Western Australian domestic economy. That would mean absolute disaster for the Western Australian domestic economy.

The domestic gas policy is available on the Department of Industry and Resources website: www.doir.wa.gov.au/domgas